GOVERNMENT OF INDIA
POWER
LOK SABHA

STARRED QUESTION NO:201
ANSWERED ON:12.12.2008
REFORMS IN POWER SECTOR
Gaikwad Shri Eknath Mahadeo;Yadav Shri Anirudh Prasad (Sadhu)

Will the Minister of POWER be pleased to state:

(a) whether the various flagship power sector reforms programmes are increasingly falling short of their targets;

(b) if so, the details thereof and the reasons therefor;

(c) the corrective steps taken by the Government in this regard;

(d) whether the Government has signed any agreement with any private company in this regard; and

(e) if so, the terms and conditions of the agreement?

Answer

THE MINISTER OF POWER (SHRI SUSHILKUMAR SHINDE)

(a) to (e) : A Statement is laid on the Table of the House.

STATEMENT

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF STARRED QUESTION NO. 201 TO BE ANSWERED IN THE LOK SABHA ON 12.12.2008 REGARDING REFORMS IN POWER SECTOR.

(a) to (c) : Government of India has launched a number of important programmes like the Accelerated Power Development and Reforms Programme (APDRP), Rajiv Gandhi Grameen Vidyutikaran Yojana, Capacity Addition Programme, Development of National Grid and the Energy Efficiency and Conservation Programme, etc.

The APDRP was launched in 2002-03 with the objective of encouraging state level reforms, reducing Aggregate Technical and Commercial (AT&C) losses, improving the quality of supply of power and improving consumer satisfaction. Under the programme, 571 projects were sanctioned covering approximately 906 towns in the country. At the town level, AT&C losses have been brought below 20 percent in 215 APDRP towns in the country, of which 163 towns have brought AT&C losses below 15 percent. The reasons for shortfall in the remaining towns were slow implementation of the programme by the States, reduced project cycle, inadequate project management skills of the implementing agencies, delays in transfer of funds by State Governments to the utilities and wrong prioritization of works.

The Ministry of Power took up a comprehensive evaluation of the APDRP programme. A Task Force headed by Shri P. Abraham, former Secretary, Government of India was formed for this purpose and the State Power Utilities, the Planning Commission, independent evaluators and various other stakeholders also evaluated the same and proposed certain modifications in the programme.

Keeping in mind these suggestions the focus of recently approved restructured APDRP in XI Plan is on actual, demonstrable performance in terms of loss reduction. In the project areas, the State Power Utilities are expected to reduce AT&C losses to 15%. The Utilities are also to achieve the following target of AT&C loss reduction for the utility as a whole:

Utilities having AT&C loss above 30%: Reduction by 3% per year

Utilities having AT&C loss below 30%: Reduction by 1.5% per year

Projects under the scheme are to be taken up in Two Parts. Part- A is to include the projects for establishment of baseline data and use of information technology (IT) applications for energy accounting / auditing and setting up of IT based consumer service centers. Part-B includes regular distribution strengthening projects.

An important programme of Capacity Addition in the generation sector has been worked out by Ministry of Power. Under the Electricity Act, 2003, the setting up of generation capacity has been substantially liberalized. The Ministry has in consultation with the Planning Commission fixed a target of adding 78,760 MW in the XI Plan. Based on the present status of ongoing generation projects, the Central Electricity Authority (CEA) has estimated that a larger generation capacity of 79790 MW could be feasible from

conventional sources during the 11th Plan. A capacity of 11322 MW has already been added and 68468 MW is under construction.

Under the Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY), as on date, 558 projects have been sanctioned with an outlay of Rs. 25,679.64 crore for providing electricity to 1,16,124 un-electrified villages, intensive electrification of 3,49,853 already electrified villages, releasing electricity connections to 4.09 crore rural households including 2.43 crore Below Poverty Line (BPL) households. The cumulative achievement is the electrification of 53,048 hitherto un-electrified villages, intensive electrification of 66,808 already electrified villages and provision of electricity connections to 48.18 lakh rural households including 40.76 lakh BPL households.

Another major program of the Ministry of Power is the development of the national grid, nearly 17,000 MW inter-regional power transfer capacity has been established to transmit bulk power at extra high voltage from resource rich areas to deficit areas across the country.

In order to manage and boost energy efficiency the Ministry is implementing a programme to encourage greater energy efficiency in the use of electricity laying down standards for minimum energy performance for electrical equipment and new commercial buildings, to promote agricultural and municipal demand side management, promote energy efficiency in small and medium enterprises and operationalise the Energy Conservation Act, 2001 by strengthening state designated agencies. The targeted reduction in demand by these interventions has been kept at 5% of the total capacity at the end of XI Plan, which translates into an avoided capacity addition of 10000 MW.

Setting up of Independent Regulatory Commissions was a major reform initiative for tariff fixation and improving services. The Central Electricity Regulatory Commission (CERC) along with 28 State ERCs have been constituted. A majority of the SERCs have issued tariff orders and open access regulations. 14 States have unbundled/corporatised their State Electricity Boards. Consumer Grievance Redressal Forum and Ombudsmen have been constituted / appointed in 22 States.

(d) & (e) : Power Finance Corporation Ltd. (PFC), a Public Sector Undertaking (PSU) under the Ministry of Power has been appointed as the Nodal Agency for operationalising the APDRP in the Eleventh Plan. Rural Electrification Corporation (REC) a Public Sector Undertaking (PSU) under the Ministry of Power is the nodal agency for implementation of RGGVY. The programme on energy efficiency is being implemented through the Bureau of Energy Efficiency and the National Grid by the Power Grid Corporation of India Ltd.